

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6206

BILL NUMBER: SB 136

DATE PREPARED: Nov 18, 2001

BILL AMENDED:

SUBJECT: Telephone Calling System for Confined Offenders.

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes identical requirements for a solicitation for a telephone calling system provided to a confined offender in: (1) a community corrections facility; (2) a juvenile detention facility; (3) a juvenile detention center; (4) a county jail located in a county with a population greater than or equal to 75,000; and (5) a Department of Correction (DOC) facility.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues: *Background:* The Department of Administration contracts with at least three major providers of telephone services for offenders in DOC facilities. GTE and Ameritech provide local calls, while T-NETIX provides long distance calls. Commissions received from GTE and Ameritech are deposited in the Offender Recreation Fund which is used in DOC facilities, while the commissions received from T-NETIX are deposited in the Pay Phone Fund.

Revenues from the Pay Phone Fund have been used to finance projects that will improve the telecommunications and computer capabilities of the state government.

The following shows the revenue deposited into these two funds from these commissions in FY 1999, FY 2000, and FY 2001:

<u>FY</u>	<u>Pay Phone Fund</u>	<u>Offender Recreation Fund</u>	<u>Total Revenue</u>
1999	\$5,809,008	\$693,485	\$6,502,493
2000	\$5,978,222	\$850,157	\$6,828,379
2001	currently n/a	\$900,000 (est.)	

This bill would require the Department of Administration to solicit for telephone services for confined offenders and emphasize lower per call service charges, per minute rates, and commission rates when the next contract expires. Whether this bill would affect the rates that are charged for offender calls will depend on rates specified in the solicitation and the response from potential vendors.

As an example of how both the rate of commission and the telephone charges for confined offenders could be lowered, the following table compares the rates and provisions of the current and past contracts that the Department of Administration has secured for telephone services for offenders in DOC facilities:

<u>Vendor</u>	<u>Years of Contract</u>	<u>Connection Fee</u>	<u>Per Minute Charge</u>	<u>Commission</u>
AT&T	1995 to 2001	\$3.95	\$0.69	53%
T-NETIX	2001 to 2005	\$1.50	\$0.25	45%

The Department of Administration anticipates this contract will likely result in lower revenues because of the reduction and fees that the vendor will charge as well as the lower commission rate that the state will receive.

For local services, Ameritech charges a connection fee of \$3.65. The per minute charges are currently not available. This contract expires October 31, 2002.

Any revenue loss that would occur from this bill will depend on the terms agreed to in the next contract.

Explanation of Local Expenditures:

Explanation of Local Revenues: The impact that this bill would have on revenues received at the county level will depend on the current contracts that the various county sheriffs offices, juvenile detention facilities, and community correction advisory boards (county agencies) have and when these contracts expire and whether the fees charged and commission rates that the counties receive exceed the terms of the next contract between the Department of Administration and a provider for telephone services for confined offenders.

Revenue that the county agencies collect are determined by fees charged and the commission rates received. Reducing either the fees charged to the persons receiving the calls (almost all calls from confined offenders are automated collect calls) or the commission rate received by the county agencies will reduce the revenue that these agencies will collect. The specific timing of this effect will depend on when this bill would be signed into law, when the next contract between the Department of Administration and vendor would be completed, and when the contracts of these county agencies expire.

As an example, the next contract that the Department of Administration will solicit will be for local telephone service. The current contract with Ameritech expires October 31, 2002. Assuming that the effective date of this bill occurs prior to the effective date of the contract for local telephone service, then any contract between the county agencies and telephone vendors that comes up for renewal after October 31, 2002, will be affected by this bill.

The following provides more descriptions on how these agencies would be affected:

County Sheriffs: Eighteen counties have populations exceeding 75,000 according to the 2000 U.S. Census.

Of these 18 counties, 10 counties will have their current contracts expire after October 31, 2002. The average commission rate is 36.7% with a range between 26% and 41%.

As examples of the fees charged to offenders for telephone calls, the following are shown:

<u>Vendor</u>	<u>Connection Fee</u>	<u>Per Minute Charge</u>
Ameritech	8.95	.45
AT&T	9.99	.59
Cincinnati Bell	4.50	.45
Evercom	3.00	.40
Gateway	6.75	.15 to .24

Juvenile Detention Facilities: In November 2000, DOC reported that 20 counties had juvenile detention centers. The centers are in the following counties: Allen, Bartholomew, Clark, Dearborn, Delaware, Elkhart, Grant, Hamilton, Henry, Howard, Huntington, Johnson, Knox, Lake, LaPorte, Madison, Marion, Porter, St. Joseph, and Vanderburgh.

Community Corrections Advisory Boards: Thirty-seven counties have community corrections programs which have onsite programs for offenders ranging from residential to work release to day reporting programs. The revenues that they receive are currently not available.

State Agencies Affected: Department of Administration, Department of Correction.

Local Agencies Affected: County Sheriffs, Juvenile Detention Facilities and Centers, Community Corrections Agencies with onsite residential programs for offenders.

Information Sources: Minutes of Interim Study Committee on State and Local Government Issues, August 27, 2001; Indiana Utility Regulatory Commission, Published Tariffs of Selected Vendors for Inmate Telephone Services, Telephone Contracts for Selected County Sheriffs.